National study measures industry's sales force

Company evaluates retail shopping experiences from more than 800 dealerships across the United States

BY NEIL PASCALE
EDITOR

Motorcycle dealership sales personnel are more likely to determine a shopper's price range and ask how a vehicle will be used and by whom.

On the other hand, they're less likely to mention product features unique from the competition and provide compelling reasons why a consumer should buy now.

Those are the findings from a recently released national benchmarking study that examines the effectiveness of the motorcycle industry's sales force. Because it's the second straight year the study has been conducted, there are patterns starting to emerge, including what areas salespeople are doing better at and slipping in, says Fran O'Hagan, president of Pied Piper Management Co., the California-based company behind the national study.

Pied Piper evaluates and benchmarks retail shopping experiences from more than 800 dealerships across the United States and reveals a portion of those results to the public. The company, which conducts similar studies in the RV and auto industries, provides its complete patent-pending evaluations to industry OEMs (motorcycle manufacturers include Ducati and Victory), dealer groups and individual dealers.

The 2008 survey, called the Prospect Satisfaction Index, is a compilation of 57 different retail practices that combined measure the effectiveness of a consumer's shopping experience.

The survey not only delves into each aspect of the sales process, but also measures the effectiveness of a brand against its competitors. For the second straight year, Harley-Davidson earned the index's top marks. Victory, Ducati, Buell and BMW also finished above the industry average.

"The typical Harley-Davidson shopping experience follows a process where the first shopper through the door is treated a certain way, and the last shopper that day is treated the same way, and there is very little variability from

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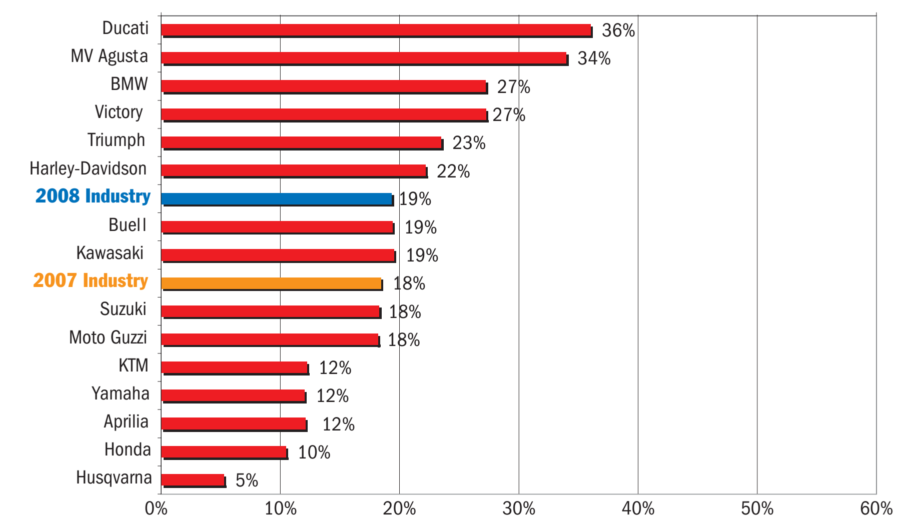
SALESPERSON OFFERED TEST DRIVE

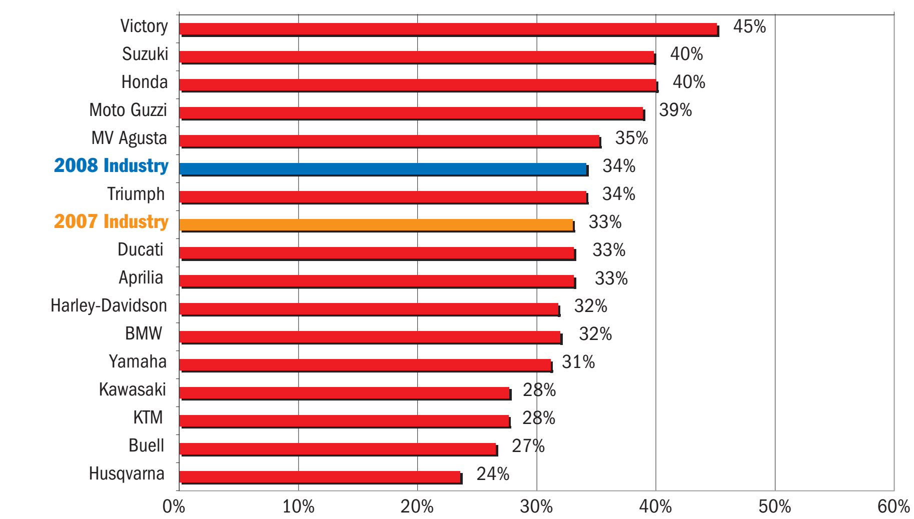
Below is the percentage of time salespeople selling a particular brand offered consumers a test drive.



Source: Pied Piper Management Co.

SALESPERSON GAVE COMPELLING REASONS TO BUY FROM DEALERSHIP

Below is the percentage of time salespeople selling a particular brand gave compelling reasons to buy from a store.



Source: Pied Piper Management Co.

NATIONAL STUDY

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one to the other," O'Hagan said. "And that is the secret behind Harley's score."

Harley dealerships' sales staff "make many fewer mistakes by following a sales process," he said. "In other industries within the motor vehicle industry, typically the best and most successful sales environment is an environment where there is a process so that the shoppers don't fall through the cracks."

Harley salespeople perform several key sales processes more often than the rest of the industry, including asking for contact information, mentioning the availability of financing, asking for the sale and giving compelling reasons to buy now.

O'Hagan was quick to mention "there are plenty of non-Harley motorcycle dealers that do an excellent job that score above the Harley average."

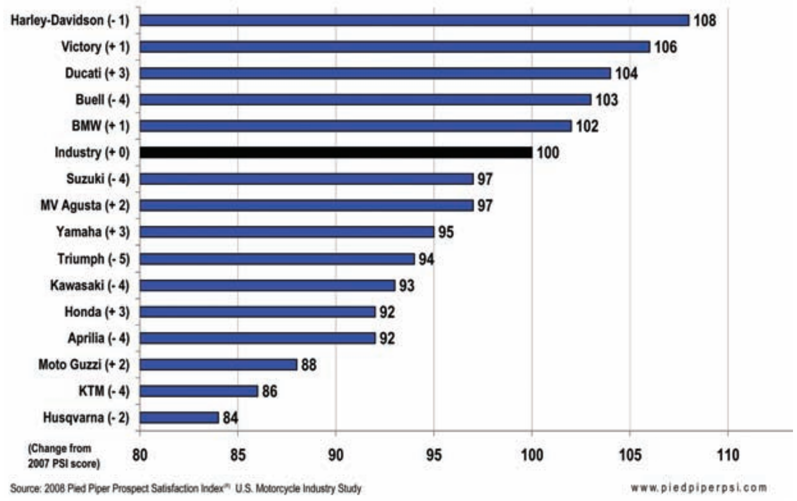
"What's different with the other brands," he said, "is they have fewer of them."

The leading metric brands all fall below the Prospect Satisfaction Index's overall industry average. Comparing Honda, Yamaha, Suzuki and Kawasaki, O'Hagan said "we find the performance is very similar for some parts of the sales process and very different for other parts."

For example, the results for whether leading metric brand sales personnel ask for the sales is statistically nearly identical (Suzuki 45 percent, Kawasaki and Honda 44 percent and Yamaha 41 percent).

TOP MOTORCYCLE BRANDS FOR PIED PIPER PSI

The number next to the OEM's name indicates if the OEM performed better or worse, and by how many percentage points, than last year.



Source: 2008 Pied Piper Prospect Satisfaction Index℠ U.S. Motorcycle Industry Study

But whether a salesperson conducts a walk-around for a new motorcycle shopper varies significantly by brand (Suzuki 80 percent, Yamaha 75 percent, Honda 67 percent and Kawasaki 63 percent).

Also, how often a salesperson will switch a consumer from the brand they originally asked for to a completely different brand also varies. (Approximately 18 percent of shoppers asking for a Honda are switched by the salesperson to another brand. For Yamaha, it's 21 percent; for Suzuki 23 percent; for Kawasaki, 33 percent.)

How do the brands measure so differently when they're so often sold under the same roof? O'Hagan says several factors lead to this common occurrence.

"Sometimes the salespeople will believe in a certain brand more than they believe in another," he said. "Or alternatively, they'll be more familiar with that brand in which case it's easier for them to sell it.

"The second reason we find is profitability. Sometimes it's the dealership encouraging the salespeople to sell a certain brand. But more often than not, it's simply the salesperson recognizing they can make more money selling one brand over the other. And that sometimes can be the lack of a local competitor where they don't have to sharpen their pencil quite as much selling one particular brand than another one."

Inventory, or in many cases too much inventory, also plays a role as dealers are likely to push salespeople to get rid of an overstocked brand before selling others. Also, the amount of inventory a dealership has for one particular brand vs. another also can affect brand effectiveness.

Another potential reason for the different brand scores occurring under one roof: training.

"Sometimes there's just better training materials for one brand than there is for another brand," O'Hagan said. "Then that's a self-fulfilling prophecy that the vehicles become easier to sell for the salesperson, and therefore the salesperson can make more money selling them and they follow the path that brings them the greatest return."

The second annual survey showed three OEMs made gains in their overall index score of at least three percentage points from last year: Ducati, Yamaha and Honda.

However, six brands — Buell, Suzuki, Triumph, Kawasaki, Aprilia and KTM — all suffered decreases by at least three percentage points from last year. PSB

A CLOSER LOOK AT THE STUDY

Each of the 57 retail benchmarks that make up the 2008 Pied Piper Satisfaction Index were measured by shoppers, independent contractors who visited powersports dealerships and then reported their findings to the California management consulting group behind the annual study.

The company, Pied Piper Management Co., used internal and external research to determine what aspects of a sales process were key to achieving the best shopping experience. A shopper would then measure how dealership sales personnel did in addressing those aspects during actual dealership visits.

The 2008 study was conducted between July 2007 and March 2008 at 830 dealerships. The telephone and e-mail portions of the study, outlined on pg. 20, were taken from a sub-set of those 830 dealerships and was representative of all brands.

For more information on the study, go to piedpiperpsi.com